

Message Text

LIMITED OFFICIAL USE

PAGE 01 SEOUL 03613 01 OF 02 030727Z
ACTION EA-09

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04
H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01
SP-02 SS-15 USIA-06 COME-00 EB-07 LAB-04 SIL-01
TRSE-00 OMB-01 /090 W
-----030734Z 105258 /21

R 030610Z MAY 77
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 3623
INFO AMEMBASSY ABU DHABI
AMEMBASSY ATHENS
AMCONSUL DHARAN
AMEMBASSY DOHA
AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY MANAMA
AMEMBASSY MUSCAT
AMEMBASSY ROME
AMEMBASSY TAIPEI
AMEMBASSY TEHRAN

LIMITED OFFICIAL USE SECTION 1 OF 2 SEOUL 3613

EO 11652: N/A
TAGS: ELAB PFOR EGEN BGEN SA KS
SUBJ: LIMITS ON SAUDI IMPORT OF KOREAN LABOR

REF (A) JIDDA 2012, (B) ROME 4571, (C) DHahrAn 0440

BEGIN SUMMARY: MINISTER OF CONSTRUCTION (MOC) SHIN KYONRL
SHIK, IN A CONFERENCE WITH KOREAN CONSTRUCTION FIRM REPRE-
SENTATIVES ON APRIL 23, 1977, IS REPORTED TO HAVE STATED
THAT THE ROKG "WILL STRICTLY CONTROL THE EMPLOYMENT OF
SKILLED KOREAN WORKERS ASSIGNED TO CONSTRUCTION PROJECTS
ABROAD BY FOREIGN COMPANIES." SHIN'S STATEMENT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 03613 01 OF 02 030727Z

APPEARS TO RESOLVE SOME OF THE POLICY AMBIGUITY
SURROUNDING THE SUPPLY OF KOREAN WORKERS TO FOREIGN
FIRMS FOR PROJECTS REQUIRING SKILLED LABOR. ON THE
OTHER HAND, THE QUESTION REMAINS UNANSWERED WHETHER
MAJOR KOREAN CONSTRUCTION FIRMS, OR A FIRM, MAY HAVE
INFLUENCEDNSAG AUTHORITIES TO PLACE VISA OBSTACLES IN
ORDER TO ASSURE CONTINUED LABOR COST ADVANTAGE OVER

THIRD COUNTRY COMPETITION FOR BIDS AND/OR KOREAN WORKERS. IN A RELATED ISSUE, INCIDENTS AT OVERSEAS WORKSITES HAVE TURNED ROKG ATTENTION TO LABOR WELFARE AND TO CORRECTIVE MEASURES WHICH MAY HELP EASE THE PROBLEMS OF US FIRMS SEEKING TO CONTRACT FOR UNSILLED OR SEMI-SKILLED KOREAN LABOR. END SUMMARY.

1. IN THE COURSE OF A VISIT TO BAHRAIN, SHIN INFORMED KOREAN FIRMS THAT TO REINFORCE ITS CONTROL OVER THE SUPPLY OF SKILLED LABOR TO FOREIGN FIRMS, ROKG WOULD CONTROL FOREIGN TRAVEL BY SKILLED WORKERS NOT IN TRANSIT TO FOREIGN FIRMS, AND WOULD "STRICTLY REGULATE" ATTEMPTS BY SKILLED CONSTRUCTION WORKERS TO CONCEAL THEIR SKILLS, OR TO USE SUBCONTRACTS AS A RUSE, TO JOIN FOREIGN FIRMS. (LATTER TWO PRACTICES HAVE BECOME A POPULAR MEANS OF CONTRAVENTING MOC EFFORTS TO AVOID DRAIN OVERSEAS OF SKILLS IN SHOTR DOMESTIC SUPPLY.)

2. IN LATE MARCH, ON THE BASIS OF FIRST TWO REFTELS, EMBOFFS INFORMALLY CONSULTED POLICY LEVEL OFFICIALS IN THE OFFICE OF LABOR AFFAIRS (OLA), AS WELL AS IN QUASI-GOVERNMENTAL LABOR SUPPLY ORGANIZATIONS, ECONOMIC PLANNING BOARD (EPB) AND MINISTRY OF FOREIGN AFFAIRS (MOFA) TO (A) DETERMINE THE POLICY OF ROKG TOWARD SUPPLY OF LABOR TO AMERICAN FIRMS FOR OVERSEAS PROJECTS, (B) INFORM THEM OF THE INTEREST AND RESPONSIBILITIES OF THE U.S. CORPS OF ENGINEERS OVER QXSaudi MILTWVY PROJECTS, (C) ALERT THEM TO POSSIBLE COLLUSION BY KOREAN FIRMS AND SAG OFFICIALS IN THE MID-EAST, AND (D) ENCOURAGE ALLEVIATION OF DIFFICULTIEY FOR U.S. FIRMS IN PIRING KOREAN LABOR.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 SEOUL 03613 01 OF 02 030727Z

3. EMBASSY INQUIRIES HAVE LED TO CONCLUSION THAT IN ROKG REVIEW PROCESS, POSITIVE POLICIES OF OLA AND EPB TOWARD MAXIMIZING EMPLOYMENT AND FOREIGN EXCHANGE RETURNS BY PLACING AS MANY WORKERS OVERSEAS AS POSSIBLE, WERE BEING BALANCED BY FOREIGN MINISTRY AND MINISTRY OF CONSTRUCTION CERN THAT THE COPEITIVE POSITION OF KOREAN FIRMS NOT BE WEAKENED BY ALLOWING THIRD COUNTRY EMPLOYERS TO DRAW DOWN SPECIFIC SKILLED LABOR POOLS FASTER THAN SUNQ SKILLS COULD BE REPLACED OR BY EXCESSIVELY BIDDING UP THE COST OF LABOR TO KOREAN FIRMS. ROKG POLICY ON SUPPLY OF LABOR TO AMERICAN OVERSEAS FIRMS, THEREFORE HAD BECOME AMBIGUOUS, AND RELATED TO THE SPECIFIC REQUIREMENTS OF THE LABOR CONTRACT FOR EACH PROJECT. NEVERTHELESS, THE ROKG LABOR CONTRACT REVIEW PROCESS ASSURES SUFFICIENT CONTROL OVER PERSONNEL OUTFLOWS SO THAT REFERENCE TO SAG OFFICIALS BY ROKG TO LIMIT VISAS WOULD BE UNNECESSARY AS WELL AS INAPPROPRIATE. ON THE OTHER HAND, ROK CONSTRUCTION FIRMS MIGHT BE EXPECTED TO HAVE FOUND TI IN THEIR INTERESTS TO USE ANY INFLUENCE WITH SAG OFFICIALS TO RESTRICT VISAS IN ORDER TO CURB KOREAN LABOR SUPPLY

TO THIRD COUNTRY FIRMS. WHETHER KOREAN FIRMS HAVE INSTIGATED SAG VISA BLOCKAGES TO KEEP WAGE RATE ADVANTAGE TO THEMSELVES, DISTURBANCES SUCH AS THAT REPORTED REFTEL (A) HAVE AROUSED SERIOUS ROKG CONCERN FOR THE WELFARE OF KOREAN WORKERS AND HOW IT AFFECTS ROK'S FOREIGN IMAGE.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 SEOUL 03613 02 OF 02 030719Z
ACTION EA-09

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 PM-04

H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01

SP-02 SS-15 USIA-06 COME-00 EB-07 LAB-04 SIL-01

TRSE-00 OMB-01 /090 W

-----030734Z 105213/21

R 030610Z MAY 77

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 3624

INFO AMEMBASSY ABU DHABI

AMEMBASSY ATHENS

AMCONSUL DHARAN

AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

AMEMBASSY ROME

AMEMBASSY TAIPEI

AMEMBASSY TEHRAN

LIMITED OFFICIAL USE SECTION 2 OF 2 SEOUL 3613

4. BASED ON THE INVESTIGATIONS OF MINISTER OF CONSTRUCTION SHIN KYONG-SHIK, MINISTER OF HEALTH AND SOCIAL AFFAIRS SHIN HYON-HWAK, AND DIRECTOR GENERAL OF THE OFFICE OF LABOUR AFFAIRS (OLA) CHOE SOK-WAN AND OTHER RANKING OFFICIALS WHO VISITED SAUDI ARABIA TO LOOK INTO THE CAUSES OF LABOR DISTURBANCES AT HYUNDAI PROJECTS, THE ROKG BEGINNING IN MID-APRIL INSTITUTED MEASURES TO PROTECT KOREAN WORKERS AT OVERSEAS SITES. (BEGIN UNCLASSIFIED) OLA ISSUED NEW GUIDELINES ON APRIL 15 GOVERNING THE TREATMENT OF WORKERS ABROAD. ALL OVERSEAS FIRMS WERE ORDERED TO ESTABLISH COUNCILS OF FIVE WORKERS AND FIVE MANAGEMENT REPS. ON SITE TO HANDLE GRIEVANCES. DOMESTIC LABOR STANDARD LAWS WILL APPLY ABROAD AND ANY FIRMS PLAYING LESS THAN WHAT COMPARABLE DOMESTIC

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 SEOUL 03613 02 OF 02 030719Z

OR FOREIGN FIRMS PAY TO KOREAN WORKERS MUST STANDARDIZE PAYMENTDR
ON THE "AVERAGE LEVELS" IN THE (OVERSEAS) FIELD ACCORDING TO
OCCUPATIONAL SPECIALITY. FIRMS ARE REQUIRED TO IMPROVE THE WEL-
FARE AND HEALTH OF EMPLOYEES BY PROVIDING MORE MEDICAL PERSONNEL
AND RECREATIONAL FACILITIES ON SITES. OLA INSPECTORS (SIX IN
SAUDI ARABIA, THREE INHVRAN AND ONE EACH IN BAHRAIN AND KUWAIT)
HAVE BEEN INSTRUCTED TO VISIT SITES MONTHLY TO MONITOR LABOR
RELATIONS AND ENFORCE WAGE CONTRACTS. AS THE BASIS F JHN
ENFORCEMENT, OLA HAS DISTRIBUTED A STANDARD INDIVIDUAL LABOR
CONTRACT FORM DRAFTED IN SIMPLE AND COMPLETE DETAIL WHICH OLE
WILL REVIEW BEFORE WORKERS CAN BE SENT OVERSEAS. THE CONTRACT
IS TO BE QUADRUPLECPATE WITH COPIES FOR THE WORKER HIMSELF,
OLA, THE EMPLOYER AND THE FINAL COPY WILL BE SENT TO OLA'S
LABOR ATTACHE FOR THE PROJECT TO WHICH THE EMPLOYEE IS BEING
SENT. (END UNCLASSIFIED) OLA OFFICIALS HAVE INFORMED EMBOFFS
THAT THEIR AUTHORITY OVER OVERSEAS LABOR CONDITIONS HAS BEEN
STRENGTHENED. THEIR REFORMS ARE PARTICULARLY DIRECTED AT KOREAN
FIRMS, ESPECIALLY HYUNDAI CONSTRUCTION, BECAUSE AMERICAN
AND OTHER FIRMS HAVE BEEN PAYING TOP WAGES AND LIVING UP TO
THEIR CONTRACTS.

5. EMBASSY COMMENT: BARRING DRACONIAN MEASURES, MOS
CANNOT POSSIBLY CONTROL DRAIN OF SKILLED WORKERS EFFECTIVELY
WHERE OVERSEAS WAGE LEVELS FOR UNSKILLED LABOR ARE MULTIPLES
OF DOMESTIC SKILLED RATES AND WHERE IT IS STILL IN THE NATIONAL
INTEREST TO RELIEVE UNDEREMPLOYEMNT AND POPULATION DENSITY BY
FURNISHING UNSILLED MANPOWER. TO THE EXTENT THAT ROKG WAGE AND
WELFARE REFORMS RESULT IN STANDARDIZING WAGES PAID BY KOREAN
CONSTRUCTION FIRMS UPJRRD, THEY WILL IMPROVE THE COMPETITIVE
POSITION OF NON-KOREAN BIDDERS AND THUS HELP ERODE THE
BASIS FOR SAUDI VISA BLOCKAGE WHICH HAS TROUBLED U.S. FIRMS.
SNEIDER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CONSTRUCTION, MIGRATORY WORKERS, LABOR RELATIONS, FOREIGN WORKERS, LABOR DISPUTES
Control Number: n/a
Copy: SINGLE
Sent Date: 03-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977SEOUL03613
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770154-0361
Format: TEL
From: SEOUL
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770599/aaaadhtp.tel
Line Count: 208
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 6cd0309b-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 JIDDA 2012, 77 ROME 4571, 77 DHARAN 440
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2654464
Secure: OPEN
Status: NATIVE
Subject: LIMITS ON SAUDI IMPORT OF KOREAN LABOR
TAGS: ELAB, PFOR, EGEN, BGEN, SA, KS
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/6cd0309b-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009